

**BEFORE THE STATE CORPORATION COMMISSION  
OF THE STATE OF KANSAS**

In the Matter of the Application of Kansas )  
Gas Service, a Division of ONE Gas, Inc. )  
for Approval by the Commission to ) Docket No. 23-KGSG-282-TAR  
Revise Section 7 of Kansas Gas Service's )  
General Terms and Conditions. )

**CURB'S RESPONSE TO KANSAS GAS SERVICE'S REPLY TO CURB'S RESPONSE  
TO STAFF'S REPORT AND RECOMMENDATION**

The Citizens' Utility Ratepayer Board ("CURB") submits its Response to Kansas Gas Service's ("KGS") Reply to CURB's Response to the Kansas Corporate Commission ("KCC" or "Commission") Staff's ("KCC Staff") Report and Recommendation ("R&R") filed by KGS in the above-captioned docket on April 18, 2023.

1. On August 26, 2022, KGS filed an Application with the Commission requesting approval of revisions to sections 7.04.03 and 7.09 of its General Terms and Conditions.<sup>1</sup>
2. On April 5, 2023, KCC Staff filed its R&R.<sup>2</sup> KCC Staff recommends the Commission approve KGS's proposal to modify Section 7 of its General Terms and Conditions for Gas Service, as proposed by KGS.
3. On April 13, 2023, CURB filed its Response to KCC Staff's R&R,<sup>3</sup> in which CURB stated its objection to certain conditions contained in KGS's Application.
4. On April 18, 2023, KGS filed a Reply to CURB,<sup>4</sup> contending that KGS's proposal is not a new concept and that other Kansas utilities currently use an Average Embedded Cost methodology for calculating facility installation allowances.

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<sup>1</sup> Application to Revise Section 7 of Kansas Gas Service's Terms and Conditions, (August 26, 2022).

<sup>2</sup> Kansas Corporation Commission Staff's Report and Recommendation, (April 5, 2023).

<sup>3</sup> CURB's Response to Staff's Report and Recommendation (April 13, 2023).

<sup>4</sup> Kansas Gas Service's Reply to CURB (April 18, 2023).

5. On April 21, 2023, KGS filed a Waiver and Extension of Suspension Period,<sup>5</sup> wherein KGS agreed to extend the suspension period an additional thirty (30) days beyond the initial deferral date of April 24, 2023.

6. CURB feels a Response to KGS's Reply is necessary, in order to clarify CURB's position and to address concerns raised within KGS's Reply. CURB would like to make clear that it is only objecting to the portion of KGS's Application which would implement a fixed charge for customer-requested relocation, reconnection, or upgrades of Company equipment equal to the Average Embedded Cost per Service Line ("Average Embedded Cost") and a fixed charge for service line abandonment equal to 1/3 of the Average Embedded Cost.

7. As proposed by KGS, Section 7.09 (Relocation or Upgrades of Company's Equipment at Customer's Request) plainly states: "Company shall be reimbursed the Average Embedded Cost per Service Line for customer requested Service Line reconnection(s) and/or relocation(s) of pipe sizing 1¼ inch or less and meter relocation(s).... For Service Line abandonment only, the Company shall be reimbursed 1/3 of the Average Embedded Cost."

8. CURB disagrees with KGS's contention that its proposal "directly mirrors another natural gas utility's Commission Approved tariff."<sup>6</sup> CURB's understanding is that "another natural gas utility" references Atmos Energy ("Atmos").

9. CURB does not oppose KGS's proposal to use the annually updated Average Embedded Cost to calculate an *allowance* for service line installations or replacements. CURB agrees this methodology is similar to the methodology in Schedule III B (Customer Advances for Construction of Company Service Line, Meter, and Meter Installation) of Atmos Energy's ("Atmos") tariff, although not identical.

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<sup>5</sup> Kansas Gas Service's Waiver and Extension of Suspension Period (April 21, 2023).

<sup>6</sup> Kansas Gas Service's Reply to CURB, ¶2 (April 18, 2023).

10. However, Schedule I, 9C (Relocation of Meters) of Atmos's tariff states the following:

1. If changes that involve the replacement or relocation of Company facilities are made necessary by a customer request or actions of a customer, such installation shall be provided at Customer's expense in accordance with the Company's standards.
2. If Customers elect to change the location of Company facilities for any reason other than as stated in this Schedule I, Section 9, C. 1., the cost of such changes shall be borne by the Customer and shall be done in accordance with the Company's standards.

11. This is not equivalent to KGS's proposal for relocation projects. Neither Schedule I, 9C nor Schedule III, B of Atmos's tariff indicate that customers will be charged an amount equal to the average embedded cost for any service line, meter, or meter installation projects.

12. As indicated, CURB is only opposed to the portion of KGS's proposal to implement a fixed charge equal to the Average Embedded Cost (or 1/3 of it) for certain types of customer-requested projects. The majority of these types of projects have had actual costs below the proposed charge and would be overcharged under the proposal, based on the 3-year historical data provided.<sup>7</sup>

13. For service line installations or replacements, the proposed policy provides an allowance for small projects and escalates the charge for larger projects. Escalating the charge for those types of projects based upon size aligns with cost-causation principles. As stated, CURB does not oppose that part of KGS's proposal. Whereas, a fixed charge for relocation, reconnection, upgrades, and abandonment would create a moral hazard favoring expensive projects.

14. As discussed in CURB's initial Reply, the Company has indicated to CURB that "customers with outlier costs will be billed for the additional costs that are associated with the

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<sup>7</sup> Data provided in response to KCC Staff Data Request KCC-001.

unusual construction conditions that are what typically lead to the outlier status.”<sup>8</sup> Furthermore, KGS’s Reply to CURB states that, upon a customer’s request, KGS “must provide an estimate of costs prior to construction.”<sup>9</sup> However, the Company’s initial rationale for moving to the average embedded cost methodology was to allow customers to have more certainty on their project costs while also reducing KGS’s administrative burden of quantifying individual customer-requested jobs.<sup>10</sup> The proposal, as written, implied there would be no additional charges and no need to conduct or request project estimates, thus creating administrative/efficiency-based savings. Accepting the Company’s pivots to address cost concerns would erode the stated benefits and create exceptions that are inadequately defined in the tariff, potentially misleading customers. Therefore, CURB continues to oppose this portion of KGS’s proposal.

15. CURB is willing and interested in continuing to engage and collaborate with KGS, along with KCC Staff, toward a mutually agreeable solution, if possible.

16. WHEREFORE, at this time, CURB prays that the Commission reject KGS’s proposal to charge the Average Embedded Cost for customer requested relocation, reconnection, and upgrades of Company equipment, and 1/3 of the Average Embedded Cost for service line abandonment. CURB reiterates that it does not oppose KGS’s proposal to use the annually updated Average Embedded Cost to calculate an *allowance* for service line installations or replacements.

Respectfully submitted,



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<sup>8</sup> Email from Janet Buchanan to Josh Frantz, “RE: 23-282 Outlier Costs” (April 6, 2023).

<sup>9</sup> Kansas Gas Service’s Reply to CURB, ¶3 (April 18, 2023).

<sup>10</sup> Direct Testimony of Lorna Eaton, p. 2 lns. 22-24 (August 26, 2022).

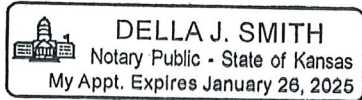
**VERIFICATION**

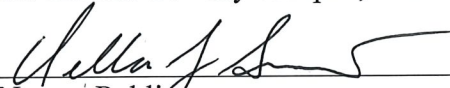
STATE OF KANSAS                                )  
  )  
COUNTY OF SHAWNEE                        )        ss:

I, Todd E. Love, of lawful age and being first duly sworn upon my oath, state that I am an attorney for the Citizens’ Utility Ratepayer Board; that I have read and am familiar with the above and foregoing document and attest that the statements therein are true and correct to the best of my knowledge, information, and belief under the pains and penalties of perjury.

  
\_\_\_\_\_  
Todd E. Love

SUBSCRIBED AND SWORN to before me this 26<sup>th</sup> day of April, 2023.



  
\_\_\_\_\_  
Notary Public

My Commission expires: 01-26-2025.

**CERTIFICATE OF SERVICE**

23-KGSG-282-TAR

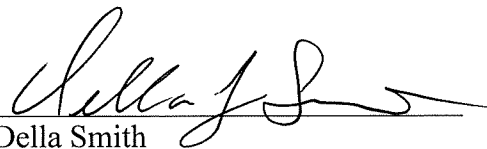
I, the undersigned, hereby certify that a true and correct copy of the above and foregoing document was served by electronic service on this 26<sup>th</sup> day of April, 2023, to the following:

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